

**MONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
OPERATING PERMIT TECHNICAL REVIEW DOCUMENT**

**Permitting and Compliance Division  
1520 E. Sixth Avenue  
P.O. Box 200901  
Helena, Montana 59620-0901**

ConocoPhillips Pipe Line Company  
Billings Transportation Operations  
NW¼ Section 2, Township 1 South, Range 26 East, Yellowstone County  
401 South 23rd Street  
Billings, MT 59101

The following table summarizes the air quality programs testing, monitoring, and reporting requirements applicable to this facility.

<b>Facility Compliance Requirements</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
Source Tests Required	X		
Ambient Monitoring Required		X	
COMS Required		X	
CEMS Required		X	
Continuous Parameter Monitoring	X		VCU - Thermocouple
Schedule of Compliance Required		X	
Annual Compliance Certification and Semiannual Reporting Required	X		
Monthly Reporting Required		X	
Quarterly Reporting Required		X	
<b>Applicable Air Quality Programs</b>			
ARM Subchapter 7 Preconstruction Permitting	X		Permit #2619-23 (part of ConocoPhillips Refinery MAQP)
New Source Performance Standards (NSPS) 40 CFR Part 60	X		Subpart A, Subpart VV, Subpart XX, Subpart GGG
National Emission Standards for Hazardous Air Pollutants (NESHAPS) 40 CFR part 61	X		Subpart M
Maximum Achievable Control Technology (MACT) 40 CFR Part 63	X		Subpart R, Subpart CC, Subpart EEE
Major New Source Review (NSR), including Prevention of Significant Deterioration (PSD)	X		
Risk Management Plan Required (RMP)		X	
Acid Rain Title IV		X	
State Implementation Plan (SIP)	X		Billings/Laurel SIP

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## SECTION I. GENERAL INFORMATION

### A. Purpose

This document establishes the basis for the decisions made regarding the applicable requirements, monitoring plan, and compliance status of emission units affected by the operating permit proposed for this facility. The document is intended for reference during review of the proposed permit by the United States Environmental Protection Agency (EPA) and the public. It is also intended to provide background information not included in the operating permit and to document issues that may become important during modifications or renewals of the permit.

Conclusions in this document are based on information provided in the original application submitted by Conoco Inc. (Conoco) on June 12, 1996; subsequent settlement stipulation and order of dismissal of Conoco's Title V permit appeal, filed on July 9, 2002; two administrative amendments received December 19, 2002, and October 10, 2003, filed by ConocoPhillips Company; the renewal application submitted January 10, 2007, and a de minimis request dated January 31, 2008.

### B. Facility Location

The ConocoPhillips Pipe Line Company – Billings Pipeline and Terminal Facility (ConocoPhillips) is located at NW¼, Section 2, Township 1 South, Range 26 East, Yellowstone County. This legal description refers to physical address of 401 South 23<sup>rd</sup> Street, Billings, Montana.

The Pipeline and Terminal Facility is considered a support facility for ConocoPhillips – Billing Refinery, which operates under the Title V Operating Permit #OP2619-01. As such, it is included in conjunction with the refinery during Prevention of Significant Deterioration (PSD), Maximum Achievable Control Technology (MACT), and other permitting determinations. The two facilities are currently both contained in Montana Air Quality Permit (MAQP) #2619-23. The transportation operations were previously permitted as part of the refinery's Title V Operating Permit #OP2619-01. However, since there are separate management structures, the facility requested to separate the transportation operations from the refinery in the operating permit.

### C. Facility Background Information

#### Montana Air Quality Permit

ConocoPhillips has received several air quality permits throughout the past years for various pieces of equipment and operations. All previously permitted equipment, limitations, conditions, and reporting requirements stated in **Permits #1719, #2565, #2669, #2619, and #2619A** were included in **Permit #2619-02**. Numerous permit modifications affecting the Billings Refinery, including the Pipe Line Product Terminal, were made to MAQP #2619-02, and are on file with the Department of Environmental Quality – Air Resources Management Bureau (Department). Specific permit modifications affecting the Terminal are summarized as follows.

On July 30, 1997, **Permit #2619-10** was issued to Conoco in order to comply with 40 CFR 63, Subpart R- National Emission Standards for Gasoline Distribution Facilities. Conoco proposed to install a gasoline vapor collection system and enclosed flare for the reduction of Hazardous Air Pollutants (HAPs) resulting from the loading of gasoline. The vapor combustion unit (VCU) was added to the bulk gasoline and distillate loading rack. The gasoline vapors are collected from the trucks during loading, then routed to an enclosed flare where combustion occurs. This project resulted in an overall reduction in the amount of actual emissions of volatile organic compounds (VOCs) of 94.8 tons per year (TPY). The reduction in potential emissions of VOCs is 899.5 TPY, while carbon monoxide (CO) increases to 19.7 TPY and oxides of nitrogen (NO<sub>x</sub>) increases to 7.9 TPY emissions.

Conoco also requested an administrative change be made to Section II.F.5, that would bring the permit requirements in alignment with the monitoring requirements specified by 40 CFR 60, Subpart QQQ and 40 CFR 61, Subpart FF.

Because Conoco's bulk gasoline and distillate loading rack VCU is defined as an incinerator under Montana Code Annotated (MCA) 75-2-215, a determination that the emissions from the VCU will constitute a negligible risk to public health was required prior to the issuance of the permit. Conoco and the Department identified the following hazardous air pollutants from the flare, which were used in the health risk assessment. These constituents are typical components of gasoline.

1. Benzene
2. Ethyl Benzene
3. Hexane
4. Methyl Tert Butyl Ether
5. Toluene
6. Xylenes

The reference concentrations for Ethyl Benzene, Hexane, and Methyl Tert Butyl Ether were obtained from EPA's IRIS database. The risk information for the remaining hazardous air pollutants is contained in the January 1992 CAPCOA Risk Assessment Guidelines. The model performed by Conoco for the hazardous air pollutants, identified above, monitored compliance with the negligible risk requirement.

On December 10, 1997, Conoco requested a modification to Permit #2619-10. In addition to changes to the Refinery, Conoco also requested to be consistent with the wording as specified by 40 CFR 63, Subpart R. The Department replaced all references to "tank trucks" with "cargo tank" and all references to "truck-loading rack" with "loading rack" and made other administrative changes. **Permit #2619-11** was issued to Conoco.

Several other permit modifications affecting the Billings Refinery (unrelated to the Product Terminal) were made to MAQP #2619 since 1998, and are on file with the Department.

#### Title V Operating Permit

**Operating Permit #OP2619-00** was issued final and effective on July 9, 2002.

A letter from ConocoPhillips dated December 9, 2002, and received by the Department on December 10, 2002, notified the Department that Conoco had changed its name to ConocoPhillips. On October 10, 2003, the Department received a request from ConocoPhillips for an administrative amendment of #OP2619-00 to update Section V.B.3 of the General Conditions incorporating changes to federal Title V rules 40 CFR 70.6(c)(5)(iii)(B) and 70.6(c)(5)(iii)(C) (to be incorporated into Montana's Title V rules at Administrative Rules of Montana (ARM) 17.8.1213) regarding Title V annual compliance certifications. This permit action changed the name on this permit from Conoco to ConocoPhillips and updated Section V.B.3 of the General Conditions. **Operating Permit #OP2619-01** replaced Operating Permit #OP2619-00.

#### **D. Current Permit Action**

The Department received a renewal application from ConocoPhillips Pipe Line Company on January 10, 2007. The transportation operations were previously permitted as part of the refinery's Title V Operating Permit #OP2619-01. However, since there are separate management structures, the facility requested to separate the transportation operations from the refinery in the operating permit. **Operating Permit #OP4056-00** replaces the transportation operations in Operating Permit #OP2619-01.

## **E. Taking and Damaging Analysis**

HB 311, the Montana Private Property Assessment Act, requires analysis of every proposed state agency administrative rule, policy, permit condition or permit denial, pertaining to an environmental matter, to determine whether the state action constitutes a taking or damaging of private real property that requires compensation under the Montana or U.S. Constitution. As part of issuing an operating permit, the Department is required to complete a Taking and Damaging Checklist. As required by 2-10-101 through 105, MCA, the Department has conducted a private property taking and damaging assessment and has determined there are no taking or damaging implications. The checklist was completed on February 19, 2008.

## **F. Compliance Designation**

The last Full Compliance Evaluations and Compliance Monitoring Report (FCE/CMR) of the ConocoPhillips – Billings Terminal was August 15, 2007, as part of the whole refinery FCE/CMR. ConocoPhillips was in compliance with permit limitations and conditions.

## **SECTION II. SUMMARY OF EMISSION UNITS**

### **A. Facility Process Description**

The Billings Refinery consists of the main refinery area, where crude is broken down into various petroleum products; a loading rack, where gasoline and distillate is loaded into cargo tanks; a wastewater treatment facility; a tank farm; a coker unit; and the sulfur recovery facility.

This Title V Operating permit covers the “ConocoPhillips Pipe Line Company – Billings Pipeline and Terminal” bulk loading rack. Processes in these areas include the two gasoline & diesel loading racks (with vapor collection and VCU), propane loading, and ethanol blending. This Title V Operating permit also covers the crude oil unloading and crude oil storage.

### **B. Emission Units and Pollution Control Device Identification**

Emission Unit 001 is the Terminal’s Fugitive Emissions associated with the loading rack, and applicable unloading and storage operations, as well as with the crude oil unloading and storage tanks. It is, for the most part, concerned with leaks from valves, connections, open-ended lines, load arms, pumps & meters.

Emission Unit 002 is Storage Tanks. The crude oil storage tanks must meet requirements of floating roofs with seal systems, or fixed roofs with rooftop vacuum breaker vents. These units undergo regular inspections.

Emission Unit 003 is the Product Bulk Loading. This unit is required to have a vapor collection system as well as a vapor combustion unit for control of VOCs. In addition, there are requirements for valves, flanges, pump seals, and open-ended lines.

### **SECTION III. PERMIT CONDITIONS**

#### **A. Emission Limits and Standards**

Emission limits and standards in the Title V permit were established from the preconstruction permit, the Billings/Laurel SIP, NSPS requirements, NESHAP requirements, and MACT requirements.

#### **B. Monitoring Requirements**

ARM 17.8.1212(1) requires that all monitoring and analysis procedures or test methods, required under applicable requirements, be contained in operating permits. In addition, when the applicable requirement does not require periodic testing or monitoring, periodic monitoring must be prescribed that is sufficient to yield reliable data from the relevant time period that is representative of the source's compliance with the permit.

The requirements for testing, monitoring, recordkeeping, reporting, and compliance certification sufficient to assure compliance, do not require the permit to impose the same level of rigor for all emission units. Furthermore, it does not require extensive testing or monitoring to assure compliance with the applicable requirements for emission units that do not have significant potential to violate emission limitations or other requirements under normal operating conditions. When compliance with the underlying applicable requirement for an insignificant emission unit is not threatened by lack of regular monitoring and when periodic testing or monitoring is not otherwise required by the applicable requirement, the status quo (**i.e., no monitoring**) will meet the requirements of ARM 17.8.1212(1). Therefore, the permit does not include monitoring for insignificant emissions units.

The permit includes periodic monitoring or recordkeeping for each applicable requirement. The information obtained from the monitoring and recordkeeping will be used by the permittee to periodically certify compliance with the emission limits and standards. However, the Department may request additional testing to determine compliance with the emission limits and standards.

In the case of CEMS, and required back-up or alternative methods when the CEMS are not running, the permit states "the Department shall approve such contingency plans." When such contingency plans are in use and have been submitted, the source will be considered to be in compliance with the contingency plan requirement until the Department informs ConocoPhillips otherwise.

#### **C. Test Methods and Procedures**

The operating permit may not require testing for all sources if routine monitoring is used to determine compliance, but the Department has the authority to require testing if deemed necessary to determine compliance with an emission limit or standard. In addition, the permittee may elect to voluntarily conduct compliance testing to confirm its compliance status.

#### **D. Recordkeeping Requirements**

The permittee is required to keep all records listed in the operating permit as a permanent business record for at least 5 years following the date of the generation of the record.

#### **E. Reporting Requirements**

Reporting requirements are included in the permit for each emission unit and Section V of the operating permit "General Conditions" explains the reporting requirements. However, the permittee is required to submit semi-annual and annual monitoring reports to the Department and to annually certify compliance with the applicable requirements contained in the permit. The reports must include a list of all emission limit and monitoring deviations, the reason for any deviation, and the corrective action taken as a result of any deviation.

To eliminate redundant reporting, a source may reference previously submitted reports (with at least the date and subject of the report) in the semi-annual and annual reports instead of resubmitting the information in monthly, quarterly, and/or other reports. However, a source must still certify continuous or intermittent compliance with each applicable requirement annually.

#### **F. Public Notice**

In accordance with ARM 17.8.1232, a public notice was published in the *Billings Gazette* newspaper on March 9, 2008. The Department provided a 30-day public comment period on the draft operating permit from March 10, 2008, to April 9, 2008. ARM 17.8.1232 requires the Department to keep a record of both comments and issues raised during the public participation process. There were no comments received from the public, the permittee, or the EPA.

##### **Summary of Public Comments**

Person/Group Commenting	Comment	Department Response
	<b>No public comments were received.</b>	

#### **G. Draft Permit Comments**

##### **Summary of Permittee Comments**

Permit Reference	Permittee Comment	Department Response
	<b>No comments were received from the Permittee</b>	

##### **Summary of EPA Comments**

Permit Reference	EPA Comment	Department Response
	<b>No comments were received from the EPA.</b>	



## **SECTION IV. FUTURE PERMIT CONSIDERATIONS**

### **A. MACT Standards**

As of the date of the permit, 40 CFR 63, Subparts R, CC, and EEEE (Organic Liquids Distribution (non-gasoline)) are applicable to the ConocoPhillips Pipe Line and Terminal Facility.

### **B. NESHAP Standards**

As of the date of the permit, 40 CFR 61, Subpart M is applicable at the ConocoPhillips Pipe Line and Terminal Facility. The Department is not aware of any proposed or pending NESHAP standards that may be applicable.

### **C. NSPS Standards**

As of the date of the permit, 40 CFR 60, Subpart A, VV, XX, and GGG, are applicable at the ConocoPhillips Pipe Line and Terminal Facility. The facility must comply with Subpart VV requirements as part of 40 CFR 63, Subpart CC, and with Subpart XX requirements as part of 40 CFR 63, Subpart R. The Department is not aware of any proposed or pending NSPS standard that may be applicable.

### **D. Risk Management Plan**

As of the date of the permit, this facility does not exceed the minimum threshold quantities for any regulated substance listed in 40 CFR 68.115 for any facility process. Consequently, this facility is not required to submit a Risk Management Plan.

If a facility has more than a threshold quantity of a regulated substance in a process, the facility must comply with 40 CFR 68 requirements no later than June 21, 1999; 3-years after the date on which a regulated substance is first listed under 40 CFR 68.130; or the date on which a regulated substance is first present in more than a threshold quantity in a process, whichever is later.